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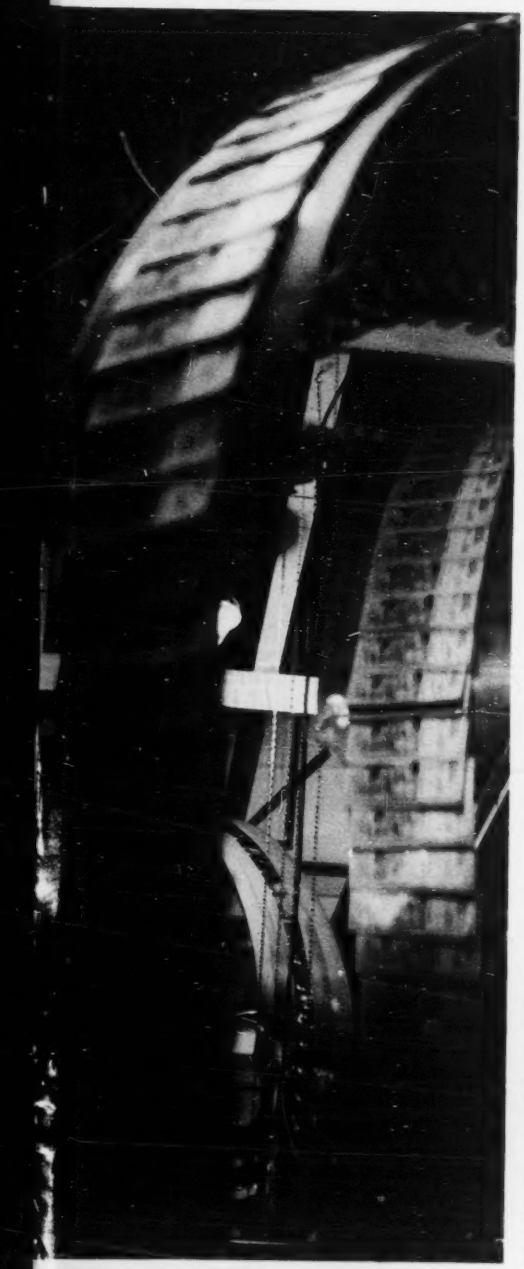


Is your printing contract outdated?

No matter how much anticipation of future need is built into a printing contract, unforeseen events—such as changes in binding method, use of more color, or an increased print order—could make it obsolete. You should reassess your contract...whether or not it expires soon. **106**

Wolaner: Time Inc.'s *Parenting* partner

The entrepreneur who beat Time Inc. to the draw with idea for special-interest title for parents describes their unique financial and working relationship. **59**

Taking the risk out of list selection

You can't afford to ignore either the rewards or dangers of buying lists made up of high-impulse buyers or opportunity seekers. Ensure winning selections. **119**

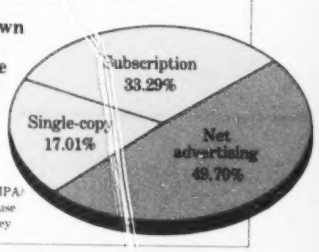
Editorial calendars: More than sales tools

You can create an editorial calendar that is truly a help to editorial as well as to ad sales. An exploration of different approaches you can take. **124**

Ad revenues fall below 50% of total

Advertising's share of total revenues dropped in 1985, again making circulation consumer magazines' largest contributor. **13**

Breakdown of total magazine revenues for 1985



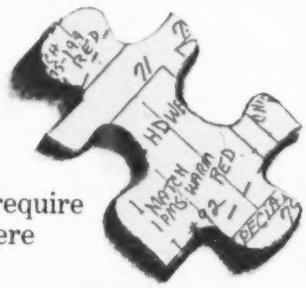
Source: 1985 MPA/Price Waterhouse Financial Survey

August 1986

Managing sales by computer 128

What kinds of software and services are available to you? How do they compare? How can you put them to work to manage your ad sales?

Solving the imposition puzzle 112



The best ad placement, editorial exposure and color reproduction require careful, efficient impositioning. Here are the basics.

Advertising community mergers: What impact on magazines? 14

Are the mergers among major advertiser companies intensifying rate negotiation pressure? How serious are revenue losses from discounts, cutbacks—and what about new media-buying co-op?

Combined mailing system unveiled 13

Quad Graphics claims to have first operational co-mailing system, allowing different magazines to be channeled into a common mail stream. Result: Big postal savings.

Managing the editorial side 20

Top management's tendency is either to abdicate or overplay its supervision of editorial, contends long-time editorial exec turned consultant. Here's how to do it better.

Advertising materials extensions: How much of a given? 42

Have ad materials deadlines become something of a bad joke? Recent surveys reveal attitudes, practices of both publication production and ad agency production executives.

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UPDATE

Consumer magazine pretax profits shrink to 9.65%

Rise in circulation costs responsible for decline, MPA/Price Waterhouse survey shows

New York City—Consumer magazine average pretax operating profits fell to 9.65 percent in 1985, down from 11.29 percent in 1984, according to the annual Magazine Publishers Association/Price Waterhouse Financial Survey. An increase in circulation expenses accounted for the decline, the first since 1982.

Assuming a 46 percent corporate tax rate, net income for the 169 magazines responding to the survey was 5.2 percent, down from the 6.1 percent net income reported by 1984's 172 participants.

Magazines' total costs rose to 90.35 percent of total revenues—up from 88.71 percent the prior year and 89.11 percent in 1983. Costs as a percent of sales declined slightly in the areas of advertising, editorial, manufacturing and distribution, and other operational costs.

Total circulation expenses, however, rose to 26.87 percent, from 24.83 percent in 1984. Circulation costs have shown an upward trend for the last eight years. Higher commissions on both subscription and single copy-sales accounted for much of the rise in 1985, according to the survey.

Advertising slipped again from its

CONTINUED ON PAGE 28

Summary of responses to MPA financial surveys

	% of total magazine revenues		
	1983	1984	1985
Revenues			
Net advertising revenues	49.87%	51.91%	49.70%
Gross subscription revenues	33.70	32.97	33.29
Gross single-copy revenues	16.43	15.12	17.01
Total magazine revenues	100.00	100.00	100.00
Advertising expenses	9.15	9.47	9.38
Circulation expenses	25.07	24.83	26.87
Editorial costs	8.40	8.66	8.51
Manufacturing and distribution expenses	36.90	36.55	36.19
Other operational costs	3.27	3.31	3.29
Administrative costs	6.32	5.89	6.11
Total magazine costs	89.11	88.71	90.35
Operating profit (before taxes)	10.89	11.29	9.65
Total number of magazines reporting	154	172	169

Source: MPA/Price Waterhouse

***Operating profits fell** to 9.65 percent in 1985 from 11.29 percent the year before, according to the MPA/Price Waterhouse survey. While advertising expenses remained steady, circulation costs for the 169 reporting magazines rose two percentage points.*

Combined mailing system unveiled

Bindery system makes greater presort discounts possible

Pewaukee, Wis.—A new computer-controlled, electro-mechanical system for mailing second class magazines has been unveiled at the Quad Graphics printing plant here. The Multi-Mailer bindery system allows several different magazines to be channeled into a common mail stream, thus increasing the postal discounts for which each magazine is eligible.

Automated combining of titles on the bindery line has been a hot topic of late in the addressing and distribution field. Several printers are known to be working on co-mailing systems, but Quad Graphics claims its system is the first to go into operation, and

Pretax profits shrink

CONTINUED FROM PAGE 13

place as the largest contributor to revenue. The Price Waterhouse figures show it accounted for 49.7 percent of total receipts in 1985, down from 51.91 percent the year before. Circulation's contribution rose to 50.3 percent in 1985, up from 48.09 percent. The two income sources have been jockeying for first place over the last three years.

In terms of operating profit by circulation size, magazines with circulation greater than two million turned in the highest operating profit, 11.74 percent. The weekly/biweekly group posted the second highest operating profit in 1985, at 11.49 percent. Both leading categories suffered declines from 1984, when the two-million-plus group earned 13.33 percent and the weekly/biweekly group 14.24 percent.

As has been typical, the 250,000 to 500,000 circulation group turned in the poorest performance, with an operating loss of .41 percent. However, even that was an improvement over 1984,

Magazine pretax operating profits (losses) in 1985

As a % of total revenues, by circulation category

Less than 250,000	250,000-500,000	500,000-750,000	750,000-1,000,000	1,000,000-2,000,000	More than 2,000,000	Weekly/biweekly	Not-for-profit
7.00%	(0.41%)	5.51%	11.26%	7.40%	11.74%	11.49%	8.01%

As of % of total revenues, by annual ad revenues

Less than $1 million	$1-2 million	$2-4 million	$4-10 million	$10-20 million	More than $20 million	Not-for-profit
5.85%	(2.96%)	(4.51%)	2.18%	8.73%	12.28%	8.01%

Source: MPA/Price Waterhouse

***The circulation category with the best** 1985 operating profit was the two-million-plus group at 11.74 percent. Last year the category was second to weeklies/biweeklies. When broken out by annual ad revenues, magazines with more than $20 million in sales had the highest operating profit. Those with $2 million to $4 million in ad sales took last place from the $1 million to $2 million category with a 4.51 percent operating loss.*

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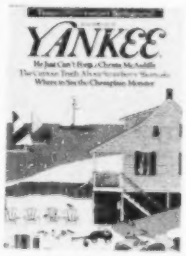
when it showed a 3.78 percent loss.

When magazines were grouped in terms of annual advertising revenues, those with more than $20 million in ad sales had the highest operating profit, at 12.28 percent of total revenue. The rate was about equal to 1984's. Next profitable was the $10 million to $20 million category, which posted an 8.73 percent profit—down from 11.47 percent the year before.

The weakest performers were those magazines having $2 million to $4 million in ad sales. They showed an operating loss of 4.51 percent. Last survey's loser was the $1 million to $2 million group: In 1985 it cut its operating loss to 2.96 percent from 10.88 percent.☐

Yankee wins three regional magazine awards



Yankee magazine was named "Regional Magazine of the Year" for the second consecutive year by the Regional Publishers Association (RPA) at its twenty-eighth annual conference. The New Hampshire–based publication also won awards for best typography and best overall design (for magazines that carry advertising). In all, seven regional magazines received 10 awards at the conference.

Other award winners were *Vermont Life* for best cover; *Texas Parks and Wildlife* for best special issue; *Adirondack Life* for most improved magazine; *Down East* for best regular column; and *Connecticut's Finest* for best overall design (magazines that don't carry advertising). *Vermont Life* and *New Mexico Magazine* both received awards of merit, the former for magazines without advertising, the latter for those with advertising. This is the first year that best overall design and the awards of merit were split according to whether or not advertising is carried.☐

Industrial firms focus on print advertising

More than one-third (36.3 percent) of the marketing communications budget of major industrial companies is spent on